

3/27/79

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From McIntyre to The President (2 pp.) re: Funding Option for Mideast Treaty/ Hutcheson to McIntyre 3/27/79 <i>opened per RAC NLC-126-16-40-1-9 8/12/13</i>	3/26/79	A
46 memo	From Brzezinski to The President (2pp.) re: Winning the Breeder Reactor Vote/ enclosed in Hutcheson to Eizenstat 3/27/79 <i>opened 4/10/08, BAC, 06-197</i>	3/22/79	A
memo	From Young to The President (one page) re: US Mission to, the UN Weekly Activities	3/23/79	A

FILE LOCATION

Carter Presidential Papers- Staff Offices , Office of the Staff Sec.- Pres. Handwriting
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THE WHITE HOUSE
WASHINGTON

3-27-79

To Sec. Califano

I want your active
support in the Congress
for the Department of
Education legislation.

J. Carter

THE WHITE HOUSE
WASHINGTON

27 Mar 79

Jack Watson

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

1166

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	FIRST LADY
	GAMMILL
	HARDEN
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	SCHNEIDERS
	VOORDE
	WARREN
	WISE

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	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

March 24, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Jack Watson *Jack*

SUBJECT: Weekly Report

(1) Rural Development Outreach

Over the past year, I have taken a series of trips to rural sections of the country (Eastern Kentucky; Coastal South Carolina and North Carolina; Vermont and Maine; Delta Arkansas; and Idaho) in order to:

- o test the priorities we have set for the White House Rural Development Initiatives, and our upcoming overall Administration rural policy framework;
- o publicize the significant reforms we have made (in rural health, water and sewer, communications, and elderly congregate housing); and
- o showcase and encourage examples of local initiatives and creativity.

Last week, I travelled with Alex Mercure, Assistant Secretary of Agriculture for Rural Development, to Northern California, New Mexico and Colorado for the last of my current rural trips. As with all previous trips, the itinerary included meetings with community leaders, local businessmen, federal regional officials and state leaders, as well as site visits, public meetings, newspaper and television interviews and grant announcements.

I believe that, aside from the obvious benefits to both sides from these visits, there has been great symbolic and political gain. The increasing attention which the Administration is placing on rural problems, and the efforts to travel to hard-to-reach small towns, have been very well-received and highly appreciated. As your travel plans for the year are formulated, I would like you to consider making some highly visible visits to several small towns and rural areas of the country.

*ok.
Talk to
Lafshorn*

*cc Jack
J*

(2) Urban Policy - Anniversary

I originally asked you to make urban policy the theme of your Jefferson-Jackson Day speech in Milwaukee on March 31. However, because it is a political event, it has been virtually impossible to invite particular guests from the private sector and civil rights leadership (they would have to pay out of their own pockets).

We are planning instead to have a White House event on April 5, 1979, to mark the urban policy anniversary. The emphasis will be on private sector initiatives, economic development and actions dealing with unemployment problems -- particularly among minority youth.

Since your schedule precluded your hosting the event, the Vice President has agreed to do so. Stu, Anne and I would like you to do a brief drop-by. The audience will be top business, black, state, local and community leaders. We are putting the final touches on our urban policy progress report that I think you will be very pleased with.

(3) Economic Development Consolidation

My deputy, Gene Eidenberg, is chairing the White House Task Force implementing your economic development reorganization decisions. The necessary legislation and reorganizing plans will be ready for submission to the Congress by the end of next week.

Early consultations on the Hill indicate some opposition to the transfer of the Business and Industry program from the Farmers Home Administration to Commerce. We believe this opposition can be overcome.

(4) Constitutional Convention Movement

There has been substantial success in slowing the movement within the states to call for a constitutional convention to balance the federal budget. Dick Moe's Task Force has been very effective in implementing the plan of action you approved. For example, the Montana Senate defeated a resolution calling for a convention after the Task Force had key legislators called. Montana had been counted as a "sure thing" by Jerry Brown's group pushing for the convention resolution.

P.S.

Thanks!

I'm very proud of you & of your wisdom, patience & persistence with respect to the Middle East. I honestly believe that there is no other political leader in the world who could have done it. Jack

THE WHITE HOUSE
WASHINGTON

3/27/79

Frank Moore

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your information.

Rick Hutcheson

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		KREPS
		MARSHALL
		SCHLESINGER
		STRAUSS
		VANCE

THE WHITE HOUSE
WASHINGTON

Done
J

RECOMMENDED TELEPHONE CALL

TO: Senator Frank Church

DATE: As soon as possible today.

RECOMMENDED BY: Frank Moore, Dan Tate, Bob Thomson

PURPOSE: To consult with Senator Church about nuclear policy.

BACKGROUND:

Senator Church was unable to attend the nuclear meeting today because of Begin and Sadat's visit to the Foreign Relations Committee at the same time. Nuclear energy is one of the most visible and important issues in his reelection campaign. Thus, it would be helpful if you could call him this evening. This will reduce the chance that he will be criticized for missing the nuclear meeting and give him the opportunity to claim he was privately consulted.

TOPICS OF
DISCUSSION

You should solicit whatever views, suggestions or recommendations the Senator may have on this issue.

Date of Submission: March 27, 1979

Action: _____

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THE WHITE HOUSE
WASHINGTON

3/27/79

Frank Moore

The attached was returned in
the President's outbox today
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delivery to Cong. Whitten.

Rick Hutcheson

1168

LEG., JLW BILL H.R. 2983

March 23, 1979

*Jamie - This
sounds like some
of my potential
employees at the
peanut warehouse
J*

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

I enclose copy of article which was sent to me by my banker friend, C. R. Caviness of Corinth, Mississippi. I hope you will take the time to read this, as well as the enclosed copy of my bill, H. R. 2983, which I first introduced a few years ago.

I hope you will agree there is some merit to it and if you ever have to declare an emergency that you will incorporate in the authorities granted to the Chief Executive the provisions of this measure.

Kind personal regards and best wishes,

Sincerely,

Jamie L. Whitten, M.C.

JLW:wsa

cc: Mr. Frank Moore
Assistant to the President

A man went into a bank to borrow money. The loan officer said, "Good morning," and the man replied:

"Good morning. I'm here to apply for a loan, the purpose of which I choose not to divulge. You do not have the right to remain silent, anything you say or can do will be held against you in a court of law under the Truth in Lending Act, the Fair Credit Reporting Act, the Fair Credit Billing Act, the Real Estate Settlement Procedures Act, the Equal Credit Opportunity Act, the Civil Rights Act, and the State and Local Commissions thereof. Also, the Consumer Protection Act, the Privacy Act, the Federal Trade Commission Holder in Due Course Regulation, the proposed Unfair and Deceptive Credit Practices Regulation or under one or more of the regulations issued by the Departments of the Treasury, Housing and Urban Development, Health, Education and Welfare, Defense, Labor, Army, Navy, Federal Reserve Board, Internal Revenue Service, Securities and Exchange Commission, Social Security Administration and the Office of Economic Opportunity.

"You have the right to talk to a lawyer and have him present while you are being questioned about my loan application, but it is doubtful that he can protect you from all of the above-mentioned regulations and regulatory agencies. For your information, buddy, you don't mind me calling you buddy, do you, you cannot use established credit criteria such as my ability to repay, collateral, stability of employment, personal habits, alcoholism for instance, past credit experience, or general credit ratings to approve or deny my application. You must use the criteria developed by Congress and the above agencies in their

Infinite wisdom. If your credit scoring system rejects me, you must reveal the weights given to each item on my application, especially the lack of a savings account. I have a dollar in my pocket to open such an account which will allow your computer to score me high on it. When I become delinquent, you cannot discuss this with me unless I bring it up first, and, remember, I am still holding the Federal Bankruptcy Act in reserve."

THE WHITE HOUSE
WASHINGTON

Mr. President --

Do you recall who this
is from? (no signature
or other identification
on copy)

-- SSC

*Mike
McConaughy
(don't answer)*

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Congress of the United States

House of Representatives

Washington, D.C. 20515

March 27, 1979

*Sta-
Brief answer -
9/1/80
J*

The President
The White House
Washington, D. C.

Mr. President:

We appreciate your taking the time to meet with us to discuss nuclear policies and programs for our country.

We are convinced that this nation must commit itself to strong, positive policies in support of nuclear energy, clearly enunciated by the Administration, and implemented by a series of specific aggressive programs, if this nation is to meet its energy requirements.

We must, as soon as possible,

- enact nuclear licensing reform
- establish interim spent fuel storage facilities
- demonstrate high level waste glassification and permanent geologic burial.

With respect to our breeder program, we believe it to be in the national interest to complete the Clinch River Breeder Reactor, and to benefit from the experience and knowledge gained from building and operating this facility.

However, we suggest that it may be possible to beneficially terminate the CRBR project, provided that the Administration and the Congress are committed, publicly and in the law, to support construction of an advanced LMFBR during the coming decade.

Authorization of and commitment to an advanced LMFBR would be based on the assumption that it may be advantageous for this country to undertake deployment of LMFBR's in the 1990's, but that such a decision must be based on sound engineering and economic facts; and on operating experience of an LMFBR of near commercial size.

An advanced LMFBR

- could be an unlicensed test reactor, rather than a licensed commercial demonstration plant. (Legally, it could be the same as the FFTF.);
- should be larger than CRBR - probably 600 to 1000 MWe;
- would be designed by the Department of Energy, taking advantage of whatever technological advances are available;
- should be built at the Oak Ridge National Laboratory (which could include the Clinch River site), taking maximum advantage of the availability of skilled personnel and the work they have done on the Clinch River Breeder Reactor. However, there should be no direct managerial involvement by vendors or utilities as in the CRBR Project Management Corporation;
- would require completion of site specific design and environmental impact studies by December 31, 1980. Construction funding would then start in FY '82.

As part of the LMFBR base program, CRBR component parts, including sodium valves, pumps, heat exchangers, and steam generators should be tested. Such tests cannot be completed before design of an advanced LMFBR is completed, however.

Work on breeder fuel reprocessing should continue. A hot pilot plant should be constructed, and FFTF fuel should be reprocessed. Such a facility should employ a coprocessing design that will produce a fuel stream of mixed uranium and plutonium which will not work in a weapon.

We believe that comprehensive studies should be initiated at once leading to the purchase of the Barnwell reprocessing facility and its early use for interim spent fuel storage and as an international demonstration facility for proliferation-resistant reprocessing of commercial nuclear fuel, both domestic and foreign. The plant should be

Page three

modified for coprocessing and should include an advanced fuel fabrication facility and a waste glassification facility.

Insofar as is practical, international involvement and consultation should be sought in our advanced LMFBR and reprocessing programs, encouraging cooperation and optimizing international agreement with respect to safeguards, safety, and security.

MEMORANDUM

#6

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

March 22, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI *23.*
SUBJECT: Winning the Breeder Vote (C)

Your breeder strategy decision is central to our non-proliferation policy and to the accommodations we are trying to work out with France, the FRG, Japan, India and Pakistan. In the two years since your decision to defer reprocessing and commercialization of the breeder, the hard facts have confirmed the correctness of that policy. Breeder and reprocessing costs have continued to rise; projections of nuclear demand have continued to fall; and, estimates of US and world uranium resources have climbed steadily. (C)

Yet our position on the Hill is not stronger, but weaker. I believe the reason for this is that our lobbying effort has not matched the importance of the issue. Steps that are routine for major foreign policy votes -- such as the preparation of comprehensive written material and White House briefings for key Hill staffers -- have never been done. We have not had a coordinated interagency effort with centralized direction and management. Compared to the level of effort we have put into winning such issues as the AWACS sale, last year's foreign aid bill, the Turkish arms embargo and many others, the breeder effort does not measure up. Despite the experience of the past two years this vote is by no means impossible to win. Our committed supporters are nearly as numerous as our dedicated opponents, and there is a vast middle ground in both Houses that still knows very little about this issue. (C)

Of the options in this paper, Option 1 makes the most sense from an energy policy point of view, but it is too late to try to win it. Option 2 says that we will make a decision on the next step toward a breeder in 1981. Option 3 says that we will make the decision in 1981 and the answer will be "yes." Option 3 is solely a political option based on the assessment that we cannot win Option 2 on the Hill. I believe it is ill-conceived. I suspect that industry will see it as a sign of weakness, will pocket what we are offering, and hold out its hand for more. In other words, if we offer

~~CONFIDENTIAL~~

Review on March 22, 1985

DECLASSIFIED

per 8/29/07 State letter
NLJC-06-197
BY B.M. NARA DATE 4/9/08

CONFIDENTIAL

- 2 -

Option 3 as our acceptable outcome, I think we will end up with an "Option 4," possibly including Clinch River, a revived reprocessing effort, and a more accelerated drive towards breeder commercialization. Thus, I do not believe that Option 3 is consistent with our non-proliferation policy. Nor do I agree that we cannot win Option 2. (C)

Given the effort we are making abroad to stem nuclear proliferation, the major political costs we have been willing to pay (in Pakistan, in Brazil, with the Indians, the South Africans, the Japanese, the Germans, and others), and the considerable success we have had in focusing international thinking on proliferation problems, I feel we should keep our domestic efforts -- and the risks we are willing to take -- commensurate. In my view, that means a concerted effort to win Option 2. (C)

As we have done on other important occasions, it might be appropriate this year to detail a single individual to work full time on this issue, leading and coordinating a true inter-agency effort from the White House. This might best be an individual from DOE who has full command of the technicalities of this complex issue. (C)

CONFIDENTIAL

TO: President Carter
THROUGH: Rick Hutcheson
FROM: Ambassador Young
SUBJECT: U.S. Mission to the UN Weekly Activities, March 19 - 23

SECURITY COUNCIL

I know that Cy Vance has been keeping you abreast of the recent Security Council proceedings on Southeast Asia, Israeli settlements in the occupied territories, and southern Africa. Needless to say, things have not been going entirely the way we would like them. In the case of the Israeli settlements, we have found ourselves, inevitably, under criticism from both the Arabs and the Israelis--but at least we have, I think, avoided any serious damage to the peace process. On the other hand, despite the two Soviet vetos to date on Southeast Asia, the work of the Security Council has advanced possibilities for some kind of Southeast Asia solution, although far more remains to be done. But the main point I want to make is that we should view this general reactivation of the Security Council as something very much in our interest. Imperfect as it may be, the Council, and peacemaking activities which can stem from Council actions, represent one of the world's best hopes for the maintenance of peace and security.

NAMIBIA - PROXIMITY TALKS

The ministerial talks this week between the Western Five and the parties to the Namibia problem helped clarify a number of points, but problems still remain. SWAPO has made clear its agreement to the restriction to base of its forces outside Namibia under the surveillance of the Front Line states. Beyond the original Western Five Proposal, Secretary-General Waldheim has obtained agreement by Zambia and Botswana to UN liaison offices in their countries. Angola has so far not agreed to do so. South Africa insists that SWAPO bases outside Namibia be monitored by UNTAG. Another problem concerns the definition and location of SWAPO bases inside Namibia.

Pik Botha has returned to South Africa to consult with his Prime Minister. He will be back to us in about a week. I am seriously concerned that the growing domestic scandal in South Africa will prompt P. W. Botha to adopt a hardline position on Namibia in hopes of appealing to traditional Nationalist party supporters at a time of internal crisis.

COMMON FUND - A STEP FORWARD

We should all be pleased with the framework agreement reached earlier this week in Geneva on the Common Fund. It removes a major obstacle in the North/South dialogue. The developing countries can no longer cite the Common Fund as a "lack of political will" on the part of the United States and other developed countries. Prospects for UNCTAD V, which takes place in May in Manila (and which I will attend), have now improved. With the Common Fund settled, I hope we can focus attention on other important issues (for example, food and LDC energy development).

The framework agreement has not nailed down all the details of a Common Fund. Long, hard negotiations still have to be held at the technical level before we will have Articles of Agreement to submit to the Congress. But we have taken a large step forward.

PUBLIC APPEARANCES

Along with Assistant Secretary Bill Maynes, I appeared before the House Subcommittee on International Organization Affairs (chaired by Don Bonker) on March 22 to discuss our current views of the UN. Earlier in the day I appeared at a Town Hall Meeting at the Kennedy Center to discuss our Africa policy, particularly Rhodesia, with Senators McGovern and Hayakawa.

THE WHITE HOUSE
WASHINGTON

3/27/79

Secretary Andrus

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Rick Hutcheson

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THE WHITE HOUSE
WASHINGTON


3/27/79

Copy has been given to
Jim McIntyre.

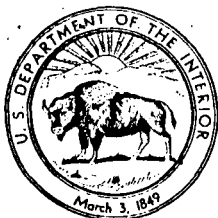
If you're finished with
attached, I'll send back
to Rick Hutcheson. ✓

If not, for incorporation
in whatever stack of papers
you're working on.

--SSC



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THE SECRETARY OF THE INTERIOR
WASHINGTON

March 16, 1979

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Subject: Major Topics for the Week of March 12

*cc Jim
J*
SENSITIVE
PLEASE DO NOT
COPY! *LOL*

Some of our environmental supporters advocate the immediate listing of 1700 species of plants as "endangered species." The practical effect of this would be to bring most development in America to a halt. I am resisting this action and will continue to do so for obvious reasons. Your environmental credentials are in good shape and it is my opinion that we don't need the controversy that such an action would bring. I will be the "bad guy."

If you are really considering an "oil swap" with Alaskan crude, I suggest that part of the agreement with the oil companies be that they support wilderness designation for the Arctic Wildlife Range. They stand to benefit the most in an "oil swap," therefore, we should get something for it. If they would remove their opposition to the Alaska bill, our job would be much easier. Please advise.

I have learned from press reports and a State Department communique that when you met with Prime Minister Trudeau that you agreed to establish a consultative mechanism to expedite the decision-making processes in each country on the matter of a delivery system to transport Alaskan crude to the Northern Tier States in a timely manner. If this is to be done, it is important that we designate someone from Interior in this slot. We have the primary responsibilities under Title V of the Public Utility Regulatory Policy Act, and we are on schedule to bring the recommendations to you. To inject some other entity into the process would not help and probably hinder the time frame for resolution.

Are you interested in catching some big Blue Fish this spring?

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yes
Loce
CECIL D. ANDRUS

THE WHITE HOUSE
WASHINGTON
27 Mar 79

Jim McIntyre

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

The Vice President
Hamilton Jordan
Frank Moore
Zbig Brzezinski

~~CONFIDENTIAL~~

1178

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Per: Rac Project

ESDN: NLC-126-16-401-9

BY KS NARA DATE 8/9/13

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Per, Rac Project

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BY KS NARA DATE 8/5/13

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~~CONFIDENTIAL~~
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 26, 1979

*Jim - Move
fast to conclude
approval. Do not
liberalize packages.
JC*

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. McIntyre, Jr. *[Signature]*
SUBJECT: Funding Options for Mideast Treaty

Because of Congressional deadlines, we need a quick decision on the best way to secure Congressional approval of the additional funding for Israel and Egypt.

Background

The most urgent need is for appropriation of the \$800 million grant to Israel to help defray the costs of relocating the two air bases. The Corps of Engineers would like to begin construction within 20 days of the treaty signing, although it may be possible to delay initiation as late as July 1 and still meet the 3-year construction deadline. Given the substantial front-end funding required by the accelerated schedule, we estimate that \$200 million will be required in the first 90-120 days to get the project underway.

The problem is that Congress is unlikely to enact 1979 supplementals until later in the summer. Thus, failure to secure early enactment of a supplemental could jeopardize the whole peace process.

Although less urgent, we also need early enactment of the three-year request for \$2.2 billion in FMS credits to Israel and the \$1.5 billion to Egypt. The Israelis will need substantial credits early because of the major costs associated with their redeployment from the Sinai. The Egyptians do not need financing now, but symbolically it will be critical that their part of the package move at the same time. Because the FMS credits require only 10% Budget Authority (\$370 million total) and do not result in outlays, the budget impact will be small.

It will be possible to initiate the air base project by using some of Israel's existing FMS credits, but the Israelis will resist using significant amounts and we do not want to put them in a position where they can slow the process. Thus, early appropriation is critical. *← ok*

You noted in your recent decision to add \$300 million in economic aid to Egypt that it not be front-end loaded. This raises a question whether it should be sought in 1979 or 1980. Seeking these funds as part of an urgent 1979 supplemental would present a balanced package, *← ok*

~~CONFIDENTIAL~~

Review on March 26, 1985

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Per: Pac Project

ESDN: NLC-126-16-40-1-9

BY: *KS* NARA DATE: *8/5/13*

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~~CONFIDENTIAL~~

2

*Gramo
wants to
load up
.79 - ok
2 me*

but would be hard to justify since the funds cannot be used quickly (there are still backlogs in the current program) and would add to Congress' budget problem. Inclusion in FY 80 (vice 79) also leaves open to us the possibility of some reprogramming on the margin within our present aid budget.

Congressional Timing

Overall Federal budget limits under last year's second budget resolution have already been reached. Thus, an unprecedented third budget resolution will be required even without treaty funds, and some members will resist any increase. This opposition will ensure that enactment will be delayed until around May 15 (the required date for the first 1980 resolution).

The Appropriations and Budget Committees indicate strong unwillingness to waive the Budget Act so that a supplemental could be reported out before May 15. Given the opposition to aspects of other pending supplementals, we doubt that a regular supplemental bill will be enacted until late July or August.

The treaty-related FMS credits are supposed to cover the period 1980-1982, so a 1979 supplemental is not strictly necessary. We believe these funds should be sought in 1979, however, because of Israel's needs and the desire to treat this as a single "Special" package. Doing so would help to minimize the precedent for higher future aid levels and reduce the likelihood that a large portion might be converted to a grant. *ok*

The issue is whether to seek some or all of the Mideast treaty package as an "urgent" supplemental which might be enacted in June or July ahead of the apparent schedule for other supplementals.

Recommendations

I believe that we should request "urgent" enactment of the \$1.170 billion in budget authority needed to support the entire \$4.5 billion in military assistance related to the treaty. This would cover the \$800 million Israeli grant for the airbases and the \$370 million budget authority required for Israel's \$2.2 billion and Egypt's \$1.5 billion in FMS credits. We recommend that the additional economic aid to Egypt which you have approved remain an integral part of the peace "package," but that it be included in the FY 80 budget. *Earlier ok 2 me*

Given Congressional sensitivities, I believe -- and Frank Moore and NSC staff agree -- that you should defer your final decision on this issue until after your meeting this afternoon with the Hill leadership. The leadership's sense of how much more supplemental funding can be accommodated in FY 79 is critical, and you should have the benefit of that discussion prior to deciding. We will coordinate with the agencies the preparation of the necessary legislative submissions based upon your guidance.

DECLASSIFIED
Per: Rac Project

ESDN: NLC-126-16-410-1-9

BY KS NARA DATE 8/5/13

~~CONFIDENTIAL~~

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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20506

C
/

March 26, 1979

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

From: Lyle E. Gramley *LSJ*

Subject: Merchandise Trade Figures in February

On Wednesday, March 28, at 2:30 P.M., the Census Bureau will release the figures on merchandise trade for February. The trade deficit dropped sharply, from \$3.1 billion in January to \$1.3 billion in February.

Imports declined by \$1.4 billion in February. Oil imports were down by \$700 million, or more than the rise that occurred in January. The January increase in oil imports probably reflected orders placed earlier in anticipation of the January 1 OPEC price increase. The February decline partly reflects the termination of that influence, but it probably also stems from the cutback in Iranian production.

Outside of oil, declines in imports were widespread in February. Nonoil imports had also increased significantly in January; the February drop brought them back to about the December 1978 level.

Exports rose by \$375 million in February. Most of the increase was concentrated in machinery and transportation equipment, although there were scattered increases in other categories as well.

This news is favorable for two reasons. First, there was a possibility that the January rise in nonoil imports stemmed from the effects of strong growth in the domestic economy, which might have resulted in a continued large volume of imports early this year. Now, that looks less likely. Second, continuation of large oil imports in February would have meant that the U.S. was not taking a

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proportionate share of the decline in Iranian exports. That, too, has not happened.

The jump in the trade deficit in January did not rock the foreign exchange markets. Therefore, the sharp February decline may not have much of a favorable influence on the dollar, but it clearly won't do any harm.

THE WHITE HOUSE
WASHINGTON

3-27-79

To Cy
Harold
Zbig

Do not submit to me
any requests for budget
changes - orally or in
writing - until after
OMB has assessed the
proposal. Always include
Jim's comments.

J. Carter

cc Mc Intyre

THE WHITE HOUSE
WASHINGTON

file

not submitted

to Pres

Rich

THE WHITE HOUSE

WASHINGTON

March 26, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: EDWARD SANDERS *Ed*

SUBJECT: Breakfast Meeting with Californians
Tuesday, March 27, 8:45 - 10:00 a.m.

I am hosting a breakfast meeting for Californians who are in town for the signing ceremony. Included in the group will be Speaker Leo McCarthy, Supervisor Ed Edelman, Roz Wyman, and Joseph Shane, who was the friend of mine who inserted the advertisement in the Los Angeles Times supporting you.

If it is possible for you to drop by for a few minutes in the Roosevelt Room between 8:45 a.m. and 10:00 a.m., I know that it would insure the success and impact of the meeting.

Attached is a guest list for the breakfast meeting.

Attachment:
a/s

cc: Vice President
Hamilton Jordan
Jody Powell
Tim Kraft

BREAKFAST - MEETING - ROOSEVELT ROOM - 8:45 - 10:00 a.m.

Tuesday, March 27

BRAUM, Jerome

CORWIN, Bruce

CORWIN, Antoinette

EDELMAN, Edmund

FIELD, Irwin

GOLDENBERG, Erwin

GOLDENBERG, Shirley

GOLDSMITH, Bram

GOLDSMITH, Elaine

GOREN, Oasias

GOREN, Dorothy

HAAS, Peter

IRMAS, Sidney

IRMAS, Audrey

LEWIS, Roger

LEWIS, Jane

MC CARTHY, Leo

NICHOLAS, Fred

RUSSELL, Madelene

SCHAEFER, Philip

SCHAEFER, Judy

SHANE, Joseph

SHANE, Jean

SHORENSTEIN, Walter

SINAY, Joseph

SINAY, Ruth

TERRY, Irving

TERRY, Esther

VOLPERT, Dick and Marcia

WASSERMAN, Lew

WASSERMAN, Edy

WEINTRAUB, Jerry

WEISS, Maurice

WEISS, Edna

WIESEL, Elie

WIESEL, Marion

WYMAN, Roz

THE WHITE HOUSE
WASHINGTON

Conf. Nuc Energy

3-27-79

CRBR / breeder

backlog Nuclear licensing/siting (30-50%)

incore Fuel rod storage (ATR)

Waste disposal (30-60 days)

Energy, general

LWR's

Scrap - 50410 - deregulation

Classification of @ Hanford

CRBR or terminate

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Egypt-CJC 3.27.79

PM Khabl. Considine
Leshar

Tut. Pyramids - Museum

NILE = PRES EGYPT

40 mil War → Peace

Borders - Embargo

Gout → Gout

PEOPLE → PEOPLE

Private business

Help build greater nation

Food - housing - roads -

ports - telecommunication

Power - water

CJC - Corporate leaders

New horizons

Courage - integrity - Truth
Placemaker

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11:00 AM

THE WHITE HOUSE

WASHINGTON

March 26, 1979

MEETING WITH HOUSE AND SENATE MEMBERS ON NUCLEAR POLICY

Tuesday, March 27, 1979
11:00 a.m. (30 minutes)
The Cabinet Room

From: Frank Moore

F.M.D.F.

e

I. PURPOSE

To discuss our nuclear policy with members of both the House and Senate on the appropriate authorizing and appropriating committees.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: This will be a first in a series of meetings with Members of Congress on energy policy. This meeting is also at the request of Congressmen McCormack and Bevill. Congressman McCormack is Chairman of the House Subcommittee on Nuclear Power and Congressman Bevill is Chairman of the subcommittee that appropriates money for nuclear power.

Their reason for desiring the meeting at this time is because this week the full committee on Science and Technology in the House will mark up the Subcommittee on Nuclear Power's report which will include the Clinch River Breeder Reactor and what is to be done with the Barnwell Fuel Reprocessing Plant. The Administration's budget contains no funding provisions at all either to continue or terminate CRBR and in addition, funding for the continued studies at the Barnwell Fuel Reprocessing Plant was omitted. Senate members who will be in attendance are counterparts to the House members in authorizing committees and appropriating committees. Also in attendance will be the ranking Republicans from those committees who on the House side are all very pro-nuclear development. The Senate ranking Republican, Senator Hatfield, has been our ally on this subject. Senator Bumpers, who has sponsored our amendment on the Clinch River Breeder Reactor, will be in attendance as will Congressman

George Brown who has also been our supporter on this issue.

In addition to trying to come to a resolution of the CRBR/breeder issue, this year will be important on a number of other nuclear fronts. The Administration has or will be submitting at least three bills for congressional action.

- The Nuclear Siting and Licensing Act in a version identical to that submitted last year (to be sent to the Congress within the next two weeks).
- Legislation establishing a program to provide away from reactor storage AFR for spent-fuel elements. Some utilities are now facing shortages of storage space at reactor sites. This bill will permit development of needed interim storage. Utilities would be required to pay a one-time fee which covers all costs of interim and permanent storage for any fuel they wish to place in an AFR. This bill is already submitted to Congress.
- Legislation to implement such decisions as you may make on the Administration's overall nuclear waste management program. Potential issues include licensing of waste disposal facilities, participation by non-federal government entities, and authorization levels for the waste management program (to be submitted within 30 to 60 days).

Each of these elements relates to the establishment of a sound foundation for the use of light water reactors and the utility industry is particularly concerned about them. The siting bill seeks to reduce by 30 - 50% the time required for licensing in construction of a new nuclear plant. The waste management program is critical to insuring that states will not continue on the path started by California -- the prohibition of new nuclear plants, unless and until the capability to safely handle and dispose of waste, has been demonstrated.

Participants: The President, Member of Congress (on the attached list), Secretary Jim Schlesinger, Acting Assistant Secretary John Deutch, Frank Moore, Stu Eizenstat, Kitty Schirmer, Dan Tate, Jim Free, Madeleine Albright, and Elliot Cutler.

Press Plan: White House photographer only.

III. TALKING POINTS

1. I am pleased to have this chance to talk with you about nuclear power, and how we can get our federal house in order to insure that light water reactor technology remains a viable choice for meeting our energy needs. As you are well aware, there are a number of items on the agenda, chief among them being the streamlining of our nuclear siting and licensing process, establishment of an interim waste management capability through and away-from-reactor-storage facility, and implementation of a sound and effective program to manage nuclear wastes over the longer term.
2. The Department of Energy has already forwarded the AFR legislation to you. I expect that DOE will be submitting the nuclear siting and licensing bill soon. This will permit discussions which began last year on this important issue to be completed expeditiously. It is my hope that licensing legislation will reach my desk this session.
3. I have not yet received the final recommendations resulting from the inter-agency group on waste and management, but I am told that the process is moving along well. I will look forward to working closely with you to implement a program which responsibly addresses both the technical and the institutional questions in the nuclear waste management area.
4. A last major item on our agenda is research and development for advance nuclear technologies, including the breeder. This has been an area of substantial difference between us, and as we are all painfully aware, the Congress has provided continued funding for the CRBR project, against my recommendations. I continue to believe that construction of this facility is ill-advised. I would, however, be interested in your suggestions on how we might reach an accord on this issue. I would stress

that I am not "anti-breeder". I believe it is important to keep this option open for the future. Equally, however, I am concerned that the pace and direction of this program be sound from a technical, economic, and non-proliferation standpoint. I have just received a memorandum from my staff concerning various approaches to the CRBR impasse. Before I give final guidance to the Department of Energy on this issue, I would like to hear your views.

5. I hope that you will feel free to raise any issues related to the overall viability of nuclear power which you feel are important. I believe that it would be irresponsible to overlook this important contribution to meeting the nation's energy needs.

IV. ADDITIONAL INFORMATION

Tom Bevill (D-4-Alabama)

Appropriations Committee
Subcommittee: (Chairman)
Energy and Water
Development

Administration Support: 44%

George E. Brown, Jr.
(D-36-California)

Agriculture
Science and Technology
Subcommittees: (Chairman)
Science, Research,
and Technology
Natural Resources
and Environment
Space Science and
Applications
Adminis-
tration Support: 88.7%

Silvio Conte (R-1-Massachusetts)

Appropriations (Ranking Republican)
Small Business
Subcommittees: Impact of Energy
Programs, Environ-
ment and Safety Re-
quirements and
Government Research
on Small Business

Administration Support: 75%

Don Fuqua (D-2-Florida)

Science and Technology (Chairman)
Subcommittee: Space Science and
Applications (Chair-
man)
Government Operations
Subcommittee: Legislation and
National Security

Administration Support: 45.7%

ADDITIONAL INFORMATION

Mike McCormack (D-4-Washington)

Science and Technology
Subcommittees: (Chairman)
Energy Research and
Production
Energy Development & Appli-
cation
Public Works and Transpor-
tation
Subcommittee: Surface Trans-
portation

Administration Support: 67.5%

John T. Myers (R-7-Indiana)

Appropriations
Subcommittee: Energy and
Water Develop-
ment

Administration Support: 19%

Jamie Whitten (D-1-Mississippi)

Appropriations (Chairman)

Administration Support: 31.3%

John W. Wydler (R-5-New York)

Science and Technology
Subcommittees: Energy
Development
and Appli-
cation

Energy Reserach and Produc-
tion
Government Operations
Subcommittee: Intergovern-
mental Re-
lations and
Human Resou-
rces

Administration Support: 31%

EXECUTIVE PROTECTIVE SERVICE

To: Officer-in-charge
Appointments Center
Room 060, OE08

Please admit the following appointments on Tuesday, March 27, 19 79

for The President/Frank Moore of WH Congressional Liaison
(Name of person to be visited) (Agency)

Please admit the following Members of Congress through the NW Gate at 10:45 a.m.:

CONGRESSMEN

BEVILL, Tom
BROWN, George E., Jr.
CONTE, Silvio
FUQUA, Don
MC CORMACK, Mike
MYERS, John T.
WHITTEN, Jamie L.
WYDLER, John W.

SENATORS

BUMPERS, Dale
HATFIELD, Mark
JACKSON, Henry
JOHNSTON, Bennett
*Clear Don Donahue for West Lobby
only

MEETING LOCATION

Building West Wing
Room No. Cabinet Room
Time of Meeting 11:00 a.m.

Requested by Frank Moore/Jim Free
Room No. 2WW Telephone 2230
Date of request March 26, 1979

Additions and/or changes made by telephone should be limited to three (3) names or less.

DO NOT DUPLICATE THIS FORM

THE WHITE HOUSE

WASHINGTON

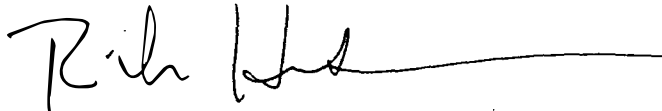
27 March 1979

MEMORANDUM FOR

THE HONORABLE ALAN K. CAMPBELL
Director, Office of Personnel Management

Re: Your Memo Entitled,
"Federal Employee Morale"

The President reviewed your March 15 memo on the above-referenced subject and made the following decisions: 1) "Reinforce the tentative character of the 5.5 percent pay cap decision for Fiscal Year 1980" - Reject; 2) "Remove the Administratively applied 5.5 percent pay cap on non-appropriated fund employees..." - Accept; and 3) "Make a clear and positive statement..." - the President stated: "ok - one meeting/forum - work out with Stu & Jerry -"

A handwritten signature in dark ink, appearing to read "Rick Hutcheson", followed by a long horizontal line extending to the right.

Rick Hutcheson
Staff Secretary

FOR ACTION
FYI

FOR STAFFING

FOR INFORMATION

FROM PRESIDENT'S OUTBOX

LOG IN/TO PRESIDENT TODAY

IMMEDIATE TURNAROUND

NO DEADLINE

LAST DAY FOR ACTION

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARONSON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FIRST LADY

HARDEN

HERNANDEZ

HUTCHESON

KAHN

LINDER

MARTIN

MILLER

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

WARREN

WEDDINGTON

WISE

VOORDE

ADMIN. CONFIDEN.

CONFIDENTIAL

SECRET

EYES ONLY

Draft memo to Campbell

THE WHITE HOUSE
WASHINGTON

3/25/79

Mr. President:

Fred Kahn concurs with Campbell;
Fran Voorde and Charlie Schultze
have no comment.

CL believes that a Presidential
statement and meeting could do no
harm. But they oppose reinforcing
the tentative character of the 5.5%
cap. "This would unduly weaken our
posture during budget sessions on the
Hill (from now through July). If
flexibility is possible, an announce-
ment in August will be soon enough."

Comments from Eizenstat and OMB are
attached.

Rick/Bill

United States of America
**Office of
Personnel Management**

Washington, D.C. 20415

March 15, 1979

In Reply Refer To:

Your Reference:

• MEMORANDUM FOR THE PRESIDENT •

FROM: Alan K. Campbell
Director



SUBJECT: Federal Employee Morale

A number of high level Federal officials, both appointed and career, have brought to my attention their growing concern over the apparent low morale of the Federal workforce. This has created an atmosphere that may very well challenge our ability to implement successfully the civil service reform and pass compensation reform legislation. The passage of this legislation is going to be exceedingly difficult in the best of circumstances, which makes some reassurance to Federal employees about their concerns particularly important.

Specifically, I am referring to employee anxiety over proposed changes to the Civil Service Retirement System, another 5.5 percent pay cap this year, and the continued emphasis by the Administration on fraud and waste in Government.

Low employee morale can be attributed to three primary factors:

1. Proposed Changes to the Federal Retirement/Social Security System

The most serious concern of Federal employees is what they view to be a general attack on the Federal retirement system. Their concerns include:

- the probable outcome of the study on combining the Federal retirement system with the social security system;
- the FY 1980 Budget proposal to reduce annuities for individuals entitled to both social security and civil service retirement;
- undenied news reports which assert the White House is giving serious consideration to proposing an increase in the minimum retirement age of Federal employees to 62.

2. Reaction to Federal Pay Cap

Because of the 7 percent private sector guidelines, the announcement in the FY 1980 Budget of another 5.5 percent cap for Federal employees has tended to reinforce charges that they are being required to make greater sacrifices than their counterparts in the private sector.

A spinoff of the application of the 5.5 percent pay cap on Federal salaries this fiscal year was much criticism by union leaders that Federal pay limits are not consistent with the exclusion of employees earning less than \$4.00 per hour from the private sector guidelines. Approximately 23,000 general and wage schedule Federal employees earning less than \$4.00 per hour were affected by the pay cap by law. An additional 52,000 Federal employees earning less than \$4.00 per hour and who work for non-appropriated fund activities, such as self-supporting commissaries and officers' clubs, were brought under the pay cap by Administration action.

3. Continued Emphasis on Government Fraud

Another problem relates to the emphasis of the Administration on the pervasiveness of Government fraud. Federal employees are convinced that their standards of behavior are, on the average, superior to those of private sector employees. They feel that the Administration, instead of defending their record, is in fact reinforcing negative public attitudes about the integrity of Government employees.

All of these concerns were summarized recently during a meeting I had with Federal managers in New York when one participant noted, "Not only has the President forced us to accept less of a pay increase than private sector employees, but he is also pushing for changes in the retirement system that will substantially reduce our benefits, and on top of that he apparently believes we are all a bunch of crooks."

In view of public attitudes about bureaucracy, it can be argued that it is good politics to "take on" Federal employees. I believe, however, that view can be counterproductive, especially when it affects employee performance and implementation of civil service reform.

In addition, I detect some public sympathy developing for Federal employees. For example, during a recent trip I met with the editorial boards of both the Dallas Morning News and the Seattle Times. In one case I was asked if you were not "painting with too broad a brush" when you spoke about employee fraud. In another case I was asked if you really believed that inflation could be controlled by simply controlling the pay of Federal employees.

Recommendations

I believe that the low state of employee morale and its potential negative effects warrant our serious consideration of steps designed to reverse the present situation, particularly since senior Government managers are now deciding whether to join the Senior Executive Service. Accordingly, I recommend that we undertake an effort to highlight the Administration's regard for and reliance on its employees. This effort could focus on, and permit clarification and/or change of Administration policy, in the few areas that are of the greatest current concern to Federal employees.

In a number of areas, all that is needed is a forceful statement of the Administration's position. It should be made clear that the movement towards merging the Federal retirement system with the social security system is not an Administration position or initiative, but one originated in Congress. Further, it should be stated again that the Administration has referred its recommended social security reforms to the appropriate study commission, and that the Administration will take no action on this matter until that study commission has reported. Specifically, it should be denied that the Administration is actively considering raising the minimum Federal retirement age.

The following matters do require decision:

1. Reinforce the tentative character of the 5.5 percent pay cap decision for Fiscal Year 1980. The Budget indicates that the final decision will not be made until August, but this fact has been lost in the media coverage of the figure. Since a pay increase of as much as 6.1 percent could be granted within the 7 percent guidelines, it is appropriate that the matter be left open until August when a final recommendation must be made to the Congress.

Decision

☒ Accept ☒ Reject ☐ Defer ☐ Discuss
(OMB, CL) (DPS)

2. Remove the Administratively applied 5.5 percent pay cap on non-appropriated fund employees earning less than \$4.00 per hour, and recommend legislation to Congress to remove other Federal employees earning less than \$4.00 per hour. This matter has been checked with Charlie Schultze and Alfred Kahn and there is no objection, and OMB supports this recommendation

Decision

☒ Accept ☐ Reject ☐ Defer ☐ Discuss
(DPS, OMB)

3. Make a clear and positive statement on the valuable contributions of the scores of thousands of dedicated and productive members of the civil service. Make it clear that fraud in government is the result of the actions of only a very small number of employees.

*ok - one meeting/forum. Work out
with Stu & Terry - J*

Decision

☒ Accept
(DPS, OMB)

☐ Reject
(Rafshoon)

☐ Defer

☐ Discuss

If you approve the above recommendations, I suggest that they be accomplished through the following forums: a meeting with members of the local civil service media and press; a meeting with a selected group of outstanding civil servants; a meeting with the leadership of Federal employee unions; and a Cabinet meeting discussion. I stand ready to work with whomever you designate to make the appropriate arrangements.

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for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

March 22, 1979

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

STEVE SIMMONS *Steve*

SUBJECT:

Campbell Memo re Federal Employee
Morale

We agree with Scotty Campbell that Federal employee morale is low. Civil Service reform has engendered some fears, the pay cap and other issues Scotty raises have caused additional concern, and an issue Scotty has not raised has caused special concern -- our impending pay reform legislative package. As manager of the Federal workforce we believe you do have a unique responsibility in this area. Additionally, the government reform, efficiency and productivity initiatives of the Administration can only be hampered if there is poor Federal employee morale. Steps should be taken to improve employee attitudes.

Although we regard it as very important to improve Federal employee morale, we must disagree with Scotty's statement that "public sympathy" is "developing for Federal employees". Media coverage and public opinion polls indicate the opposite.

dk In the paragraph prior to his decision boxes, Scotty recommends that a forceful Administration statement be made clarifying that the move towards merging the Federal retirement system with Social Security is not an Administration initiative. We disagree. HEW has been studying this option for some time. Although the Congress did mandate the Commission now actively studying the possibility of this retirement merger, it is quite likely that later this year the Administration will support the merger. For you to distance yourself from the idea of merger now and come out for such a merger later would only make you appear inconsistent. However, a statement indicating that in studying retirement the Administration will be sensitive to the rights of Federal employees and their retirement concerns would be appropriate. We agree with Scotty that such a statement should

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OK / also deny that the Administration is actively considering raising the minimum Federal retirement age to 62. To the best of our knowledge, no one at OMB nor at the White House has been studying such an option, and columnists who have mentioned this and caused Federal employee concern are simply incorrect.

Our comments on the decision box items are as follows:

1. 5.5% Pay Cap Issue. Scotty is suggesting that a public statement be issued indicating you have not finally decided on whether to impose a 5.5% pay cap on Federal employee salary increases in FY 80. We disagree. You have discussed the 5.5% pay cap issue during the budget process and have indicated that you want to stay with it. By law, no final pay cap decision can be made until comparability survey results are in. However, in all likelihood the 5.5% pay cap will be kept, and you would only be falsely raising hopes of Federal employees.

If for some reason you later want to change the pay cap when we know the comparability and other private industry settlement figures, you can announce your decision at that time. We recommend you just leave this decision box blank.

2. \$4.00 Per Hour Employees. No other employee group in the economy which makes less than \$4.00 per hour has been subject to the anti-inflation guidelines, and removing the pay cap with respect to Federal employees in a similar situation is only equitable. Also, it would help politically with Federal employees and be appreciated by the unions and other Federal employees even beyond the \$4.00 per hour group. We recommend you check the "Accept" box.

3. Presidential Statement on Federal Employees' Contributions. We agree that a statement from you in an appropriate setting would be useful, and recommend you check the "Accept" box. We do not think an appropriate setting would be with the leadership of Federal employee unions which would probably turn into a confrontation situation. Rather, another setting should be sought, perhaps a meeting with selected outstanding civil servants as Scotty suggests. We would be happy to work with Scotty in coordinating this endeavor.

However, the statement would have to be carefully structured so it did not look like you were saying one thing to the public at large and another thing to the Civil Service.




EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

March 24, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: John P. White 

SUBJECT: Campbell Memo on Federal Employee Morale

These are our comments on Scotty's recommendations:

1. We do not believe you should characterize the 5.5% pay increase provided in the FY 1980 budget as "tentative". Such a comment would undoubtedly create expectations of a higher percentage increase; the failure to award one would create worse problems than Scotty describes as existing now.

2. We concur with the proposal to exempt employees paid from non-appropriated funds from the 5.5% pay cap if their earnings are now less than \$4.00 per hour. In practice, this move will mean that employees earning less than \$4.00 will have their pay raised to \$4.00 an hour, effective retroactively to October 1, 1978.

Raising the pay of Federal employees who earn less than \$4.00 an hour more than 5.5% will require legislation. We agree with Scotty that such a move would be equitable. We are not sure what the political reaction from the Congress would be -- and what other issues might be opened up in connection with such a move. We recommend you authorize Scotty to explore such legislation.

3. A statement from you lauding the honesty and efforts of Federal employees may well be appropriate. We do not believe, however, that the Administration has been emphasizing the pervasiveness of Government fraud. The press and the Congress have sounded that note on occasion, but Administration statements have been quite balanced.

4. We believe the most effective means to communicate a message to Federal employees is by sitting down with a group of selected civil service reporters. If you designate someone to work with Scotty in developing recommendations and remarks, Jerry, Landon and OMB should be included to assure consideration of union relations and budgetary concerns.

ID 790980

THE WHITE HOUSE

WASHINGTON

DATE: 16 MAR 79

FOR ACTION: STU EIZENSTAT

+ JIM MCINTYRE

ALFRED KAHN

FRAN VOORDE

INFO ONLY: THE VICE PRESIDENT

JACK WATSON

LOUIS MARTIN

FRANK MOORE (LES FRANCIS)

CHARLES SCHULTZE

PHIL WISE

JERRY RAFSHOON

ANNE WEXLER

SUBJECT: CAMPBELL MEMO RE FEDERAL EMPLOYEE MORALE

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM TUESDAY 20 MAR 79 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

790980

THE WHITE HOUSE

WASHINGTON

DATE: 16 MAR 79

FOR ACTION: STU EIZENSTAT

JIM MCINTYRE

ALFRED KAHN

FRAN VOORDE

INFO ONLY: THE VICE PRESIDENT

JACK WATSON

LOUIS MARTIN

FRANK MOORE (LES FRANCIS)

CHARLES SCHULTZE

PHIL WISE

JERRY RAFSHOON

ANNE WEXLER

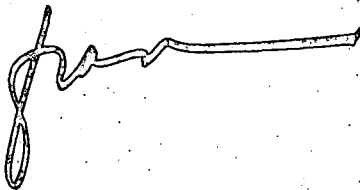
SUBJECT: CAMPBELL MEMO RE FEDERAL EMPLOYEE MORALE

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM TUESDAY 20 MAR 79 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. ☒ NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:



ID 790980

T H E W H I T E H O U S E

WASHINGTON

DATE: 16 MAR 79

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JIM MCINTYRE

CHARLES SCHULTZE

ALFRED KAHN

PHIL WISE

FRAN VOORDE

INFO ONLY: THE VICE PRESIDENT

JERRY RAFSHOON

JACK WATSON

ANNE WEXLER

LOUIS MARTIN.

SUBJECT: CAMPBELL MEMO RE FEDERAL EMPLOYEE MORALE

+++++

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+ BY: 1200 PM TUESDAY 20 MAR 79 +

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ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

NOTE: OTHER COMMENTS: BELOW:

I recommend NO statement about the wonderful contributions of federal employees.

ID 790980

THE WHITE HOUSE

WASHINGTON

DATE: 16 MAR 79

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JIM MCINTYRE

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LOUIS MARTIN

SUBJECT: CAMPBELL MEMO RE FEDERAL EMPLOYEE MORALE

Xc. FM ✓
SL ✓
HL ✓
Ronna ✓

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM TUESDAY 20 MAR 79 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

Bill Cable: I don't think it will seem consistent with inflation to take these actions on federal pay. I think a statement and meeting could do no harm.

Dan Tate: Oppose reinforcing the tentative character of the 5.5% cap. This would unduly weaken our posture during budget session on the Hill (from now thru July). If flexibility is possible, an announcement in August will be soon enough. We favor the other recommendations.

THE WHITE HOUSE
WASHINGTON

27 Mar 79

The Vice President
Hamilton Jordan
Zbig Brzezinski

The attached was returned in
the President's outbox today
and is forwarded to you for
your information.

Rick Hutcheson

~~CONFIDENTIAL~~

1167
DECLASSIFIED
E.O. 12356, SEC. 3.4(b) 1, 2, 3, 4
WHITE HOUSE GUIDELINES; FEB. 24, 1963
BY [Signature] NARS, DATE 5/2/90

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	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
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	SECRET
	EYES ONLY

✓	VICE PRESIDENT
	EIZENSTAT
✓	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
✓	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

~~CONFIDENTIAL~~



THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

March 23, 1979

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary
of Defense (March 17-23, 1979)

Egypt and Israel: Both Defense Ministers Ali and Weizman have now received letters from me confirming the agreements on additional financing and release of items of military equipment, as you had approved. We agreed to \$3 billion in additional financing for Israel over the next three years, of which \$800 million would be grants earmarked for the construction of relocated airbases in the Negev, and \$2.2 billion in credits. Egypt is offered \$1.5 billion in FMS credits over the next three years--a significant new step. Both credits are on the same terms: no forgiveness, principal payments begin after ten years and run for twenty more, current interest rates. Both Ministers are aware that this financing is subject to Congressional approval. The largest and most advanced equipment sale planned to Egypt is twelve Hawk batteries. For Israel, the major equipment approval is probably the acceleration of F-16 deliveries--to begin in January 1980 instead of April 1981. I also signed a Memorandum of Agreement on Research, Development and Production cooperation, and have dispatched a team to Israel to begin the process of airbase relocation. Israeli intelligence and early warning needs to make up for their lost vantage points in the Sinai are still under discussion.

I called Frank Church today to tell him the above and that Cy or I would be giving him more detail next week. He reacted favorably to the size of the Egyptian FMS package, saying he was glad we were not trying to make Egypt a military superpower. He wondered whether Egypt could afford to meet even the payments on the FMS credits, and indicated that there is growing sentiment on the Hill for authorizing the commitment not as a package but only one year at a time.

SALT: As you requested, I met with Senator John Glenn yesterday to discuss SALT verification. It was a good open exchange. He became less negative about verification problems through the loss of Kapkan in Iran than when Frank Moore alerted me to this, but continues to be concerned about the political vulnerability of the early replacements for that loss, and about telemetry encryption. We will have to hit hard on this point in our future presentation to the Senate.

Gay Stiles

~~CONFIDENTIAL~~

SEC DEF CONTR No. X-01674

Base Realignment Actions: In anticipation of next week's announcement of our base realignment decisions, several Congressional delegations have requested meetings with Charles and me to present their cases. Yesterday Charles met with the New Jersey delegation on the status of Fort Dix; today, with the South Carolina delegation on Fort Jackson and Paris Island Marine Corps Base; and on Monday we meet with the Ohio delegation on the status of Rickenbacker Air Force Base and several other Defense installations in Ohio. The realignment decisions, especially in these locales, will be controversial, but will provide needed economies. I expect extensive media coverage of these meetings, particularly in the affected areas.

"Burdensharing" in the Alliance: We must continue to find ways of getting our Allies to contribute more to the common defense. The problem is how to structure the argument in a way that secures more from our Allies, while not feeding the Congressional propensity to use "lack of equitable sharing" as an excuse to reduce U.S. funding. I believe the best approach is to keep "burdensharing" from becoming a public issue and to confine our efforts to personal exchanges with key leaders like Schmidt, Ohira, and even Giscard. Generalized arguments have some impact, but to get the best results we need to be specific in our requests--for example, ask for greater NATO infrastructure spending. I plan to provide you shortly some concrete suggestions.

Joint Chiefs of Staff: I am sending you by separate memorandum my views on replacements for Generals Rogers and Wilson; we discussed one of the nominees during the mid-east trip. The incumbents depart in June.

Executive Appointment: As you know, the position of Assistant Secretary of Defense for Health Affairs has been vacant for over a year and we continue to receive harsh Congressional criticism for our apparent lack of action. I have submitted the nomination of Dr. John Moxley for this position to your staff and it is currently being reviewed by them. Charles and I believe that after a painstaking--and sometimes painful--search, we have found an individual who has the proper credentials and will do a commendable job. I hope we can now move this appointment quickly to avoid further criticism.

Israel B. Bunker

THE WHITE HOUSE
WASHINGTON

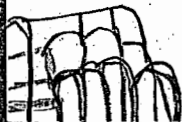
3/27/79

Stu Eizenstat

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

P.S. Please notify affected
agencies



THE WHITE HOUSE
WASHINGTON

March 26, 1979

9

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Breeder Program - Decision Memo

We are requesting your guidance on Administration positions and strategies for the fast breeder base program and termination of the Clinch River Breeder Reactor (CRBR).

Summary of Relevant Events

Since April 1977, the Administration has advocated:

- o maintenance of a strong breeder research and development program
- o deferral of commercialization and therefore construction of a demonstration breeder reactor
- o termination of the current Clinch River Breeder Reactor Project.

Congress has consistently rejected our various approaches to a reoriented breeder program. In particular, the House rejected the Administration-backed Flowers compromise on the FY 79 DOE authorization bill, and Congress has continued to appropriate funds for both the LMFBR base program and the CRBR substantially in excess of our request.

The understanding which you reached last August with Senator McClure and other Members of the Senate Energy Committee on the LMFBR program provided for:

- o Discontinuation, not termination, of CRBR.
- o An upgraded LMFBR R & D program with funding levels of \$526 million in FY 79, \$504 million in FY 80, and \$520 million in FY 81.

- o A conceptual design study (CDS) for a larger breeder facility leading to a March 1981 decision on whether to construct a new plant.

This compromise was never formally considered by either House, and CRBR spending continues. The FY 1979 appropriations bill provides \$566 million for the LMFBR program, including \$172 million for CRBR. FY 1979 funding is \$40 million above the level agreed to by McClure, and current CRBR expenditures, are about \$15 million per month.

Areas of General Agreement

Discussions among various concerned agencies, (DOE, State, OMB, Domestic Policy Staff, NSC, CEQ and OSTP) in connection with the FY 80 budget, have led to general agreement on the following two issues:

1. The CRBR project should be terminated instead of "discontinued". Use of the term "discontinued", while intended to function as the equivalent of termination, is legally ambiguous and may cause substantial problems with the CRBR contracts. ok
2. The FY 80 budget request for LMFBR-related work is \$504 million -- the level agreed to with McClure. It is lower than the FY 79 level, thus moving in a direction congenial to those who have supported the Administration's LMFBR policies. This level should also be acceptable to McClure and other breeder advocates since their major concern is the degree of commitment to breeder plant construction, not budget levels per se. ok

The issue for your decision is what our Congressional strategy should be:

- o should it emphasize consistency with our previous position, or
- o should we move closer to a commitment to build a test reactor in hopes that the impasse with the Congress can be ended?

**Electrostatic Copy Made
for Preservation Purposes**

THE OPTIONS

Option 1. Low-level, long-range breeder program

Under this option, the \$504 million requested in FY 1980 would be spent to:

- o terminate the CRBR (including \$71 million for CRBR termination costs).
- o fund the LMFBFR base program at \$338 million, which would not provide funding for two facilities in Idaho and Washington which were part of the McClure compromise.
- o provide \$95 million in full funding for a five-year study of alternative LMFBFR designs and fuel cycles. No decision on whether to build a breeder test or demonstration facility would be made until completion of this five-year study. (As contrasted with the decision date of March 1981 envisioned in the Flowers and McClure compromises.)

Option 2. Modified McClure Compromise

Under this approach we would repropose the McClure compromise with most of the previously agreed to items including the two facilities in Washington and Idaho. Two changes would be made:

- o we would seek to terminate, not discontinue, the CRBR
- o \$53 million of LMFBFR-related work, not previously contained in our discussions with McClure, would be funded in the \$504 million.

The option would initiate the conceptual design study (CDS), with a decision on whether to build a breeder facility coming in March 1981.

Option 3. Expanded LMFBFR program

This option would proceed with the elements described in Option 2, but would expand the conceptual design study to include site specific evaluation, and licensing discussions with the Nuclear Regulatory Commission. These added

steps would indicate a much more firm expectation on the part of the Administration that a breeder R & D plant would be built once the CDS is completed. While the formal decision to go forward would be deferred until March 1981, the Administration would, in effect, state a presumption that a 500-800 MW test facility would be built.

DISCUSSION OF THE OPTIONS

In reviewing the options you should bear in mind the following points, upon which we all agree:

- o deployment of commercial breeders would not be needed in the U.S. until 2020 at the earliest, ✓
- o development time for a commercial breeder is less than 35 years, ✓
- o that the next several years can be profitably used to examine several breeder and non-breeder alternatives, and ✓
- o deferral of a decision to construct a commercial breeder facility will aid our non-proliferation objectives. ✓

Discussion of Option 1.

Advantages - This option, if accepted by Congress would give the Administration the greatest latitude to define the organization, scope, objectives, and timing of the breeder program and to bring non-breeder alternatives to a similar level of definition. It is the most consistent with budget stringency, in that expenditures beyond FY 1980 would be greatly reduced. Its approach and pace are the most compatible with our judgment that deployment of a commercial breeder would not be needed until after 2020. It would allow more efficient and proliferation-resistant fuel cycles to be investigated more fully than Option 2 or 3, and would be consistent with the position we have taken in INFCE.

Since it is, over the long run, a lower budget level than the McClure level, some believe it also would give us maximum bargaining flexibility with the Congress.

Disadvantages - This option -- with its reduction of the technology base below that discussed with Senator McClure -- will prove unacceptable to key Members of Congress (notably, Senators Church, McClure, Jackson, and Johnston) and to the utility and nuclear industries. It would be seen by McClure and those who participated in the agreement as reneging completely on the agreement reached last August. While other members of Congress (e.g., Bumpers, Hatfield, and some of the new Members of the relevant House committees) would support the option, they would probably support Option 2 as well. It is highly unlikely that this option would be approved by Congress, even with a maximum lobbying effort. It is likely to result in another year of stalemate over the breeder. Proposing a program which is significantly reduced in program content from the McClure and Flowers compromises would impair the Administration's credibility and could reduce our negotiating leverage. It could also dampen our leverage in international negotiations with advanced nuclear States, although it is clearly not inconsistent with our non-proliferation policy.

Discussion of Option 2

Advantages - The principal advantage of Option 2 is maintenance of the Administration's position as expressed in the Flowers and McClure compromise -- a position which we believe is fully supportable. Unlike either Options 1 or 3, it does not involve either backing away from or increasing the level of previous commitments, and thus picks up with the Congress where we left off last year. It is fully consistent with our beliefs on the timetable for breeder development and our non-proliferation policies. Many Members of Congress and a significant number of outside groups, though not the utility and nuclear industries, would support such a position.

Even if we were not ultimately successful in gaining Congressional approval of this approach, it is a solid, consistent starting point for further discussions.

Disadvantages - The principal disadvantage of Option 2 is another year of controversy with Congress over the breeder program, (though some controversy is unavoidable). This option, like Option 1, is unlikely to be acceptable to a Congressional majority because it does not go far enough toward a commitment to build a breeder (although CEQ notes that the new budget climate, along with the availability of DOE's fission strategy, may improve the situation over last year). Further, DOE believes the acceptability of this approach would be increased if accomplished by a strong statement supporting light water reactors. If Congress rejects this approach,

as some believe is likely, Congress will probably enact even higher funding levels for the LMFBR, and will continue, and perhaps increase, CRBR spending.

Additionally, because the CRBR has taken on such symbolic importance, the debate over the issue has made resolution of other nuclear issues more difficult (though issues such as waste management will be tough to resolve, even if the CRBR debate were out of the way).

Discussion of Option 3.

Advantages - The principal advantage derives from necessity: Option 3 may be the only way (short of building the CRBR) to end the CRBR impasse this year. It does so, however, by stating an expectation, though not a commitment, to build a 500-800 MW test breeder reactor beginning in FY 1982. As mentioned earlier, however, our current projections of uranium availability and demand for nuclear capacity indicate that test facility or demonstration work could be deferred until the mid to late 1980's. Under this option, final decisions on LMFBR commercial deployment would still be reserved for the future, when more will be known about costs, national demand for electricity, and the availability of alternative energy sources. The test facility would provide technical information on the LMFBR that eventually will be needed, as well as some useful economic, safety, and licensing data.

There are some, though incomplete, indications from Members of the House Science & Technology Committee and the Senate Energy Committee that they will move in this direction regardless of the Administration's position. Whether or not we ever advocate such an approach, it is possible that you would be presented with legislation adopting this type of program.

Disadvantages - The principal difficulty with Option 3 is its cost and the expectation of a major project (approximately \$2.5 billion) considerably earlier in the 1980's than is warranted by our best estimates of uranium resource availability, nuclear power demand, and cost. As is the case with other research activities, it is envisioned that this project would be 100% Federally financed. Budget requirements for this program, and the overall LMFBR base are:

FY 1982	\$585 million	This is funding for both
FY 1983	\$655 million	LMFBR base program <u>and</u>
FY 1984	\$710 million	for the test facility.

No construction funds would be sought until FY 1982.

FY 1980 and 1981 funding would be the same as the McClure compromise.

On the domestic political front, this option could cost us the support of the Members of Congress, environmental organizations and others who have previously carried the ball for the Administration in Congress. Further there is some doubt whether the nuclear industry and their Congressional supporters would accept and it could harden industry support for the CRBR.

RECOMMENDATIONS

Option 1:

The Council on Environmental Quality originally proposed this option because they believe that it is the most consistent with our overall nuclear fission policies, our budget constraints, and our non-proliferation posture. CEQ now favors Option 2 because adopting Option 1 as a starting point for negotiation is now unrealistic in light of the conversations on the FY 1980 budget which have already taken place.

Option 2:

Recommended by NSC, OMB, CEQ, Frank Press.

It is logical continuation of the discussions which we have had with Congress in the past, but is still consistent with our fission strategy, our budget promises to Senator McClure, and our non-proliferation policies. NSC believes that it has advantages over the other options (which they believe are all basically consistent with our non-proliferation posture) by not making or implying any commitment to construction of a large breeder facility prior to the conclusion of INCFE. Even if we do not succeed in persuading the Congress to accept this approach, it is preferable to changing our position on a commitment, even a limited one, to construct a large breeder facility.

Option 3:

Recommended by Frank Moore, DOE, State, Stu Eizenstat

It affords the best chance of resolving the CRBR issue without completely reversing previously held positions. The proponents of this option believe that, as a strategic matter, Option 2 should be our opening position with Congress. Private indications would be made to Chairman Fuqua of the House Science and Technology Committee and to Senators Jackson and Church that we would be prepared to accept Option 3 as a final result if it can be sold to the Congress. If no agreement is possible without going beyond Option 3, then the Administration's position is protected since we will not have to get "out front" with Option 3. NSC and CEQ oppose this option because they believe it would be damaging to our non-proliferation policy because it would be seen as a major change in the U.S. position toward commercialization of the breeder. Particularly coming before the end of INFCE, they believe it could be read as U.S. ratification of this technology. State, on the other hand, does not view this option as inconsistent with our non-proliferation policy.

DECISION

Approve

Option 1 _____

Option 2 ✓

NSC, OMB, CEQ, Frank Press

Option 3 _____

Frank Moore, DOE, State, Stu Eizenstat

Let's Discuss _____

*I would rather
go down swinging.
A large breeder in the
near future is a waste
of money—*

JC

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From McIntyre to The President (2pp.) re:Funding Options for Mideast Treaty/ Hutcheson to McIntyre 3/27/79	3/26/79	A
memo	From Brzezinski to The President (2pp.) re:Winning the Breeder Reactor Vote / enclosed in Hutcheson to Eizenstat 3/27/79	3/22/79	A

LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec. - Pres. Hnadwriting File
3/27/79 BOX 124


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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

March 21, 1979

MEMORANDUM TO THE PRESIDENT

FROM: CHARLES WARREN 

SUBJECT: Breeder Program - Decision Memo

Without clear guidance and a vigorous lobbying effort, it is foreseeable that Congress may determine not only to fund the breeder program at the proposed level of \$504 M but also to continue the CRBR or an alternative breeder (the House has already provided \$182 M for CRBR) and, possibly, to resurrect the Barnwell reprocessing plant.

Your decision two years ago to defer reprocessing and delay commercialization of the breeder was correct then, and it is even more correct today. Since 1977, developments have consistently supported your decision. Breeder and reprocessing costs have continued to rise. United States and world-wide projections of nuclear demand have fallen significantly. Estimates of U.S. and world uranium resources have climbed steadily. Several new reactor designs, economically and technically superior to the LMFBR, have emerged. (The attached Op Ed piece from the March 16, 1979 Washington Post is pertinent.)

The issue of whether we have to commit now to build a breeder reactor may yet be winable. Supporters of Administration policy roughly equal our opponents. In addition, there is a large middle ground in both Houses; hard work could capture their support.

There is much that needs to be done. We request that you meet with those of us who have worked on the breeder program decision memo to discuss the issue and, most importantly, to receive a briefing from Secretary Schlesinger and Assistant Secretary Deutch of DOE on recent technical and economic developments. Finally, we believe that the job cannot be done by the Department of Energy alone. It will require the kind of high-level, coordinated effort which has been given to our major foreign and domestic victories. This might include, for example, the detail of one or more persons to the EOP to work directly with Anne Wexler, Frank Moore and others.

Harold A. Feiveson, Frank von Hippel and Robert H. Williams

Uranium Security Without the Breeder Reactor

Congress is about to begin again what has become an annual ritual during the Carter administration: a debate on the desirability of taking the next step toward the commercialization of the breeder reactor. This next step would involve the construction of a less-than-full-scale demonstration power plant—either the one whose components are now being delivered to a warehouse near a proposed site on the Clinch River in Tennessee or a larger demonstration plant that might be built in either Idaho or Washington.

To its advocates, the breeder represents an insurance policy against possible shortages of uranium for nuclear-electric generating plants in the next century. To its opponents, it represents a menace in that the associated huge stockpiles of plutonium would open an easy path to nuclear weapons.

Breeders could not make a significant contribution to the U.S. energy supply during this century, and they would be deployed at first only in the major industrialized nations, for which technological barriers are not a significant obstacle to the acquisition of nuclear weapons. Why, therefore, is there such a feeling of anxiety among breeder opponents about the movement toward commercialization of this technology in the next few years?

It is because the commitment to the breeder as a uranium insurance policy for the next century requires early commitments to nuclear fuel reprocessing and thus legitimizes the dangerous game of playing with plutonium today. Already France, Britain, Japan, West

Germany, India, Pakistan, Argentina and Brazil, among other nations, have justified embarking on nuclear fuel reprocessing for the purpose of plutonium recovery by citing the necessity to become familiar with the technologies that would be involved in the breeder fuel cycle.

At first sight, it would seem preposterous that breeder developments in the remote future could be used to justify plutonium-recovery activities now. Consider, however, the implications of

The writers are with the Center for Energy and Environmental Studies, Princeton University.

using the breeder as an insurance policy against the possibility of a U.S. uranium-supply shortage in 2020.

To reduce uranium consumption significantly with breeders by 2020, a substantial fraction of U.S. nuclear plants would have to be breeders by that date—perhaps 100 reactors costing more than \$100 billion. Such a program would require that the first commercial power plant become operational perhaps 20 years earlier, which would mean that construction on this plant and the associated plutonium fuel cycle facilities would have to begin around 1990. Breeder advocates argue, therefore, that it is necessary to start working out the bugs in the plutonium fuel cycle now.

The obvious alternative to this ab-

surd situation, in which concerns about a uranium-supply crisis in the next century are fueling a nuclear weapons proliferation crisis today, is to look to alternative energy technologies.

It is fortunate, therefore, that there exists at least one uranium-conserving nuclear strategy that involves neither the breeder nor an early commitment to the reprocessing of spent reactor fuel.

This alternative is based on advanced converter reactors, which can be operated effectively either on "once-through" fuel cycles (which do not require reprocessing of spent fuel) or on "closed" fuel cycles (which do). When operated on once-through fuel cycles, such reactors could be about twice as uranium-efficient as today's light water reactors. And deployment of advanced converter reactors could offer as good an insurance policy as deployment of breeders against uranium shortages in the middle of the next century. If real uranium shortages began to develop, advanced converters could be shifted rapidly to operation on highly uranium-efficient closed fuel cycles. Thus, in an advanced converter reactor strategy, unlike a breeder strategy, reprocessing technologies would not be needed until well after reactor deployment had begun—if ever.

Advanced converter reactors already exist in the form of the heavy water reactor, which has been commercialized by Canada, and the high temperature gas-cooled reactor, which has been developed both in the United States and in West Germany. It could well turn out, however, that the easiest

route for the United States to advanced converters would be through an evolutionary development of the light water reactor. The light water uranium breeder technology developed by Adm. Hyman Rickover's reactor group may prove to be very useful in this connection. Such an evolutionary strategy would certainly be much less risky technologically and economically than the deployment of the sodium cooled breeder reactor and its associated plutonium fuel cycle facilities.

It is necessary, therefore, to reorient the U.S. nuclear research and development program toward advanced converter reactors. It has become clear from the experience of the last few years that this won't be easy. Many careers in the Department of Energy, the nuclear industry and the utilities have been built in the expectation of an energy future dominated by the breeder.

But experience gives us some hope of being able to overcome the present institutional inertia. In 1971, our nation changed the direction of its civilian aircraft development program. Few would argue today that the United States should have chosen to continue the SST competition with the French, British and Soviets instead of commercializing the much more economical and environmentally benign jumbo jets.

In the last decade the United States convinced the rest of the world that the future of nuclear power lay with the plutonium fuel cycle. The United States now has the responsibility of showing the world that there is an alternative, safer path.

THE WHITE HOUSE

WASHINGTON

MAR 21 1979

MEMORANDUM TO THE PRESIDENT

FROM: Frank Press *FP*

SUBJECT: Decision Memo on the Breeder Reactor

I think that you should know, as you consider the paper before you on the breeder reactor, that in my opinion, initiating the construction of a 400-600 MW test breeder reactor in FY 1982 is unnecessary from the perspective of the adequacy of our uranium resources and unwise from the perspective of management of government R&D programs. There is little technology that could be learned from this expensive project that could not be obtained from programs planned under Option 2. If a demonstration of commercialization is the real technical objective, despite its being premature, industry should participate in funding. The only justification for Option 3 is the political judgment by Frank Moore and DOE that Option 2 has little chance of success.



Department of Energy
Washington, D.C. 20585

March 26, 1979

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER

SUBJECT:

The Breeder Within a Nuclear
Policy Framework

As you are aware, nuclear energy is now the source of about 13% of the Nation's electricity. In many parts of the country, nuclear remains a cheaper source of electricity than coal, with less overall environmental and health effects. In principle, there is no reason why nuclear should not grow to as much as 40% of U.S. electric generation by the year 2000 (as many as 320 plants of over 300 GWe capacity). Such growth would do much to meet our domestic energy needs, reduce our dependence on foreign oil, and restrain the inflationary impact of rising fuel prices. But in practice, this is unlikely to happen without strong Administration leadership aimed at developing a national consensus on nuclear power. This note proposes the framework for such leadership and the role of the breeder within that framework.

In order to proceed, we must adopt a four point program. Success in all four areas is necessary if we are to be effective.

(1) Improved prospects for the utilization of Light Water Reactors (LWRs). Actions include:

- o A strong statement by you supporting responsible use of LWR-based nuclear power;
- o A strengthened and aggressive Nuclear Siting and Licensing Bill;
- o R&D programs assuring LWR reliability, safety, reduced occupational radiation exposure, and improved uranium ore utilization.

THE WHITE HOUSE
WASHINGTON

3/27/79

Mr. President:

Stu's memo summarizes all
views.

Memos from NSC, CEQ, OSTP
and DOE are attached.

Rick

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Str-pls notify affected parties

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	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE
WASHINGTON

3/24/79

Mr. President:

The press office thought
you might like to know what
you're getting into.

Phil

Rich - copy has been given to Phil.
original in file

Mark - H

FIRST TREATY

CAIRO, EGYPT (AP) -- THE MIDDLE EAST'S FIRST KNOWN PEACE TREATY WAS SEALED WITH A KISS AND CONTAINED A CLAUSE OF CURSES THAT INVOKED THE WRATH OF TWO THOUSAND GODS AGAINST VIOLATORS OF THE PACT.

CURSES AND KISSES ARE NOT PART OF THE TREATY BETWEEN MODERN EGYPT AND ISRAEL, WHICH WILL BE SIGNED IN WASHINGTON MONDAY, BUT THERE ARE INTRIGUING PARALLELS BETWEEN THE 1979 AGREEMENT AND THE ONE INITIALED 3,238 YEARS AGO.

THE ANCIENT PEACE PACT ENDED ALMOST TWO DECADES OF WAR BETWEEN THE EGYPTIANS AND THE HITTITES OVER THE LAND NOW KNOWN AS ISRAEL. TODAY'S ACCORD ENDS 30 YEARS OF CONFLICT OVER THE SAME LAND.

ETCHED IN SILVER TABLETS IN LATE NOVEMBER 1259 B.C., THE MIDDLE EAST'S OLDEST SURVIVING PEACE TREATY WAS THE PRODUCT OF SHUTTLE DIPLOMACY BY DIPLOMATS REPRESENTING THE PHARAOH RAMSES II OF EGYPT AND KING HATTUSILIS OF HATTI, AN EMPIRE CENTERED IN WHAT IS NOW TURKEY.

THE EGYPTIAN VERSION OF THE ANCIENT TREATY, WRITTEN IN HIEROGLYPHS, CAN STILL BE SEEN ON THE WALLS OF THE TEMPLE OF AMON AT KARNAK -- THE ANCIENT EGYPTIAN CAPITAL OF THEBES. CLAY TABLETS WRITTEN IN THE CUNEIFORM SCRIPT OF THE HITTITES ALSO HAVE BEEN PRESERVED.

THE ANCIENT TREATY, WHICH EGYPTIAN PRESIDENT ANWAR SADAT MENTIONED IN HIS SPEECH ACCEPTING THE NOBEL PEACE PRIZE, PLEDGED THE EGYPTIANS AND HITTITES "NOT TO PERMIT HOSTILITY TO OCCUR BETWEEN THEM FOREVER."

FOR ANY WOULD-BE TREATY VIOLATOR THERE WAS A BLOOD-CHILLING WARNING: "A THOUSAND GODS OF THE LAND OF HATTI TOGETHER WITH A THOUSAND GODS OF THE LAND OF EGYPT SHALL DESTROY HIS HOUSE, HIS LAND AND HIS SERVANTS."

HISTORIANS SAY EGYPT AND HATTI WERE MOVED TO MAKE PEACE BY THE BATTLE OF KADESH IN 1275 B.C., WHICH ENDED IN A VIRTUAL DRAW AND LEFT BOTH ARMIES EXHAUSTED.

"IT WAS SORT OF THE 1973 WAR OF ITS DAY," SAID EGYPTOLOGIST JAMES P. ALLEN OF THE AMERICAN RESEARCH CENTER IN CAIRO.

HISTORICAL RECORDS SHOW THAT BOTH EGYPT AND HATTI WERE ALSO WORRIED ABOUT THE GROWING INFLUENCE IN THE AREA OF THE "SEA PEOPLES," APPARENTLY MARAUDERS FROM ELSEWHERE IN THE MEDITERRANEAN.

AFTER THE TREATY SIGNING, RAMSES II AND KING HATTUSILIS ENGAGED IN A LENGTHY EXCHANGE OF LETTERS THAT ENDED WITH RAMSES MARRYING A HITTITE PRINCESS AS A SHOW OF GOOD FAITH.

MODERN-DAY EGYPT AND ISRAEL HAVE AGREED TO A LETTER EXCHANGE TO SPELL OUT THEIR INTERPRETATIONS OF THE TREATY SO THERE WILL BE NO MISUNDERSTANDINGS, BUT NO SUCH EGYPTIAN-ISRAELI MARRIAGES ARE IN THE OFFING.

AP-WX-0324 1359EST

*The mediators
were never heard
from again -*

C